

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
REID VILLAGE WATER DISTRICT)

CASE NO. 95-421

O R D E R

On September 26, 1995, Reid Village Water District ("Reid Village") submitted its application to the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068. On September 28, 1995, the Commission advised Reid Village by letter of certain deficiencies in its filing. On October 5, 1995, Reid Village filed additional information with the Commission. After reviewing the information, the Commission notified Reid Village by letter dated October 10, 1995, that its application met the minimum filing requirements set by Commission regulations.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Reid Village purchases its water from the Mount Sterling Water and Sewer Commission ("Mount Sterling").

2. Mount Sterling increased its rates effective with the October 1, 1995 meter readings. Reid Village proposed to place its increased rates into effect on and after October 1, 1995.

3. During the 12 months ending August 31, 1995, Reid Village purchased 49,548,000 gallons of water and sold 50,016,000 gallons.

According to Reid Village, the amount sold exceeds the purchased amount due to the difference in its meter reading date and that of Mount Sterling.

4. Reid Village's calculations are incorrect in that the proposed rates are not calculated using the formula set out in 807 KAR 5:068, Purchased Water Adjustment for Water Districts and Associations. The correct calculations are set out in Appendix B to this Order.

5. Based on Mount Sterling's current charges for purchased water, Reid Village's purchased water costs will increase by \$8,262, resulting in a purchased water adjustment of \$0.17 per 1,000 gallons. Based on an average monthly usage of 5,000 gallons, the average bill of Reid Village's customers will increase \$0.85 from \$16.00 to \$16.85, or 5.31 percent.

6. Reid Village's proposed tariff filing is incorrect.

7. The purchased water adjustment of \$0.17 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

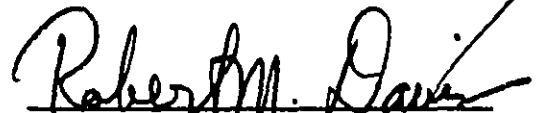
1. The purchased water adjustment of \$0.17 per 1,000 gallons and the rates in Appendix A are approved for service rendered on and after October 1, 1995.


2. Within 30 days of the date of this Order, Reid Village shall file revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 1st day of November, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 95-421 DATED NOVEMBER 1, 1995

The following rates and charges are prescribed for the customers in the area served by Reid Village Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RATES: Monthly

First 2,000 gallons	\$10.37	Minimum Bill
Over 2,000 gallons	2.16	per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 95-421 DATED NOVEMBER 1, 1995

Calculation of Purchased Water Adjustment

Gallons Purchased:	49,548,000	
Gallons Sold:	50,016,000	
Cost at New Rate:		\$80,179
Less		
Cost at Base Rate:		71,917
Increase		\$8,262

\$8,262 Increase divided by 50,016.0 gallons sold = \$0.1652
or \$0.17 per 1,000 gallons.